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Northwest Territories Legislative Assembly

Standing Committee on Accountability and Oversight

Review of the 2000/2003 Business Plans and 2000/2001 Main Estimates

Chair: Mr. Charles Dent

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Northwest Territories Legislative Assembly
Standing Committee on Accountability and Oversight

June 20, 2000

THE HONOURABLE ANTHONY (TONY) WHITFORD, M.L.A.
SPEAKER OF THE LEGISLATIVE ASSEMBLY

Mr. Speaker:

Your Standing Committee on Accountability and Oversight has the honour of presenting its Report on the Review of the 2000-2003 Business Plans and the 2000-2001 Main Estimates, and commends it to the House.

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Chair

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14th Assembly

Legislative Assembly of the Northwest Territories

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Standing Committee on Accountability and Oversight
Report on the 2000-2003 Business Plan
and the 2000/2001 Main Estimates

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Standing Committee on Accountability and Oversight Report on the 2000-2003 Business Plan and the 2000/2001 Main Estimates

General Overview

The review of the draft Government Business Plans and Main Estimates by Standing Committees is an integral part of the annual budget development process within the consensus system of government. Business Planning, with its processes of setting goals, strategies, outcomes and outcome measures is crucial as a planning process and as a means to evaluate progress from one fiscal year to the next.

This year's review of the Business Plans and Main Estimates was different from the procedure used in previous years. Due to the timing of the Territorial Elections late in the fall of 1999, the reviews of the 2000/2003 Departmental Business Plans and the 2000/2001 Draft Main Estimates were delayed. The Legislature passed an interim appropriation in March to enable the Departments and agencies to continue to function in the short term. For the 2000/2001 fiscal year, the review of the Business Plans and the Draft Main Estimates was done concurrently. The review process for the 2001/2004 Business Plans and the 2001/2002 Draft Main Estimates will be done separately, as in previous years.

The Standing Committees of the Legislative Assembly of the Northwest Territories met from May 23, through June 2, 2000 to review the 2000/2003 Departmental Business Plans and 2000/2001 Draft Main Estimates. This year was the first time that the Government of the Northwest Territories has used tangible capital asset accounting. Last year the reporting of government accounts was affected by the formation of two new territories. These changes have resulted in a number of inconsistencies in reporting and difficulty in the overall examination process. During the review process, Members raised a number of concerns that are common to all of the Business Plans and pointed out issues of government-wide importance that require common strategies and solutions.

Business Plans

Benchmarking

Benchmarking and the need to have quantifiable and measurable outcomes and outcome measures were identified again as an issue in this year's review of the

2000/2003 Business Plans and 2000/2001 Draft Main Estimates. The Committee expressed that in the absence of targets, goals and benchmarks for programs, the departments have no need to adhere to a work plan or to strive towards a projected outcome. Members likened each department that collectively makes up the Government of the Northwest Territories to an economic venture. When a business requires cash, a bank is usually approached and a business plan presented to demonstrate how the funds will help the company improve its operations. As with a bank, the Business Plan and Main Estimates process provides the Committee with an opportunity to examine the direction the departments are pursuing, strategies used to attain the goals, and outcome measures to mark progress toward desired outcomes. If the departmental business plans do not contain an adequate level of detail, it is impossible for the Committees to truly understand what the department hopes to accomplish. The Committee believes that if a bank had reviewed some of the Departmental Business Plans that were presented, a request for funds would be rejected.

The Standing Committee on Accountability and Oversight recommends that each Department review its goals, strategies, outcomes and outcome measures for presentation in the 2001/2004 Business Plans to ensure that there are substantive benchmarks and measurable outcomes included.

Formatting and Terminology

In past years, the Committees recommended that a consistent Business Plan template and standard terminology be adopted across Government. The Standing Committee on Accountability and Oversight would also like to point out that the adoption of a common template and terminology will help achieve increased accuracy and provide more relevant, understandable and timely information for Committees and the public.

The Committee recognizes that with the formation of two new territories and the switch to tangible capital asset accounting, departments have been in a state of flux. With these initiatives largely now addressed, the Committee looks forward to more consistent terminology and business planning within Government.

Operations and Maintenance - Other Expenses

The Committee noted the lack of justification in reporting "other expenses" as a line item under Operations and Maintenance in budget summaries. Some Departments were requested to supply additional information as to how the figures were arrived at.

The Standing Committee on Accountability and Oversight recommends that the Government develop more detailed categories for "other expenses" to justify the request for funds; and further that, where possible, these categories be consistent across Government; and further that, one of the categories should cover items on the controllable asset inventory list that are now, under the new Tangible Capital Asset Accounting system, considered as an Operations Expense.

Information Supplied in Overhead Presentations and Other Documents

Members were concerned about the amount of information that was not included in the Departmental Business Plans but supplied in overhead presentations and other documents not previously available to the Committees. This additional information doesn't become part of the public record because committee consideration of business plans and budgets are confidential. While the Business Plans do eventually become public, the overhead presentations do not. While the Committee does not want to discourage departments from supplying information, it is the opinion of the Members that the level of detail in overhead presentations should be in the Business Plan. It is also suggested that documents used to support the Business Plans be supplied to the committee well in advance of the review.

Sectors of Government Involved in Intergovernmental Negotiations

The Committee has serious concerns about the numerous sectors of government that are involved in self-government, land claims, devolution and resource revenue sharing negotiations. In the past year, the Department of Executive has added the Intergovernmental Forum Secretariat to coordinate the GNWT participation in Aboriginal, Territorial and Federal government discussions such as devolution, resource revenue sharing, oil and gas developments, the fiscal relationship with Ottawa, and northern control over northern resources. A Regional Relations Section assists the regions in preparation for the transfer of government programs and services through capacity building and aboriginal self-government. Another section added to the Executive, Intergovernmental Affairs, assists in the preparation of strategies to address territorial, national and international issues. There are also sections in the Ministry of Aboriginal Affairs; the Department of Municipal and Community Affairs; Resources, Wildlife and Economic Development; and Health and Social Services involved in intergovernmental negotiations.

With so many sectors of government involved in intergovernmental negotiations, the Committee wonders about the real potential for the inefficient use of people and government funds; funds that could possibly be better spent on infrastructure or other essential programs or services for the people of the Northwest Territories.

The Standing Committee on Accountability and Oversight recommends that the Government establish clear lines of authority and develop mandates for all sectors of Government involved in self-government negotiations.

The Committee is of the opinion that this could be accomplished without prolonging any of the negotiations. Improved efficiency and effectiveness should be an important part of any decision to increase staff and financial resources, and Departments should in the future, demonstrate to Committees that their rationale for increased resource levels is sound.

Community Devolution and Accountability

An increasing proportion of public funds are being spent through alternative service delivery arrangements at the regional and community levels. There is little or no control over the day-to-day operations of service providers yet, should the alternative service delivery system fail, the government is ultimately responsible. There is a fundamental requirement for better information to be supplied by the service providers and effective Government monitoring systems to be developed and implemented. It is of ultimate importance for the Government to have adequate tracking and monitoring systems in place before more devolution occurs. This will become increasingly evident as the Government continues to move from direct program delivery to service management.

The Committee points out that many Non-government Organizations have highlighted the need for multi-year funding to assist the organization in its long range planning. It is imperative that monitoring and tracking systems be in place to accommodate this initiative.

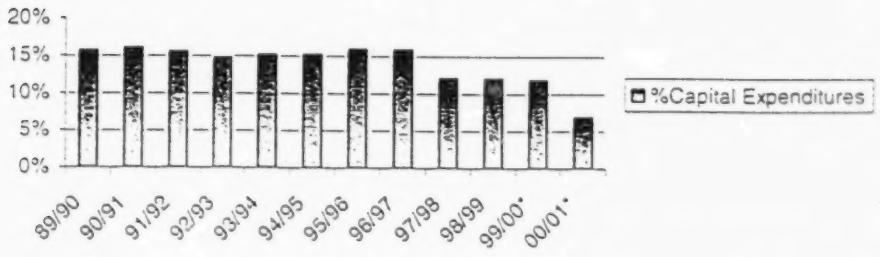
Consistent, measurable targets and outcomes developed with input from delivery agents would greatly assist in the building of this new level of accountability.

Regional Capacity Building

It is the Committee's opinion that adequate funding, training and facilities must accompany the devolution of programs and services to communities and Non-government Organizations. The Auditor General, in his 1997/1998 Report on Other Matters, reminds Government of the need for regions and communities to adhere to a Third Party Accountability Framework. The Government must ensure that communities are managing and administering their programs and services in an accountable, safe and effective manner.

Capital Expenditures

Capital Expenditures as a % of Total Expenditures



Since 1996/1997 there has been a marked *decrease* in the percentage of the Government of the Northwest Territories monies being spent on capital items.

*In 1999 Nunavut was formed and in 2000 the Government of the Northwest Territories implemented Tangible Capital Assets Accounting.

It was brought to the Standing Committee on Accountability and Oversight's attention that there seemed to be an increase in the percentage of funds being used to increase and sustain bureaucracy. It is the opinion of the Committee that these funds could be better spent on infrastructure or other essential programs or services for the people of the Northwest Territories. By drastically cutting capital expenditures for projects and maintenance we have only postponed the inevitable. Decreases in Capital Expenditures may get us through our present cash crisis, but in the long term we are just getting behind—not keeping up with necessary repairs and replacement. Deferring the inevitable cost for building and maintaining our infrastructure will only result in the problem being compounded in the future.

As indicated earlier, since 1996/1997 there has been a marked *decrease* in the percentage of the Government of the Northwest Territories monies spent on capital items. The Committee is of the opinion that reductions in capital expenditures must stop before the state of government infrastructure reaches a crisis level.

Informatics

Throughout Government an Informatics strategy exercise underway. This undertaking has been long-drawn-out and has produced little results. Each department is carrying out their own review of informatics in addition to a government wide review. Members expressed concern with respect to the methodology employed in the review. Individual departmental and government wide reviews require a great deal of resources. It is important that the informatics strategy be updated and implemented to allow for increased efficiency in the workplace. There are people doing manual work that should be handled by computers. Perhaps it is time for a more efficient and cost effective approach for the management of informatics within government to be explored.

Program and Functional Review

Measuring the effectiveness of Government programs and functions is an ongoing need, particularly in the era of fiscal restraint. Programs must be justifiable. The Committee had expected that the long-awaited Program and Functional Review would supply direction in regard to government programs and functions and the identification of programs that are duplicated or unneeded. However, indications are that the Government's Senior Management Task Team, which was responsible for this review, has made little progress.

> ***The Standing Committee on Accountability and Oversight recommends that the final report and recommendations of the Government's Program and Functional Review Senior Management Task Team be presented to Committee before the next Business Plan review process scheduled for the fall of 2000.***

Human Resource Management

According to the statistics provided by the Government, 32.6% of the Government of the Northwest Territories workforce are Indigenous Aboriginal persons. Only 12.3% of management positions are occupied by Indigenous Aboriginal persons and only 31.9% of the management positions are occupied by women. The Committee does not have confidence in these numbers as during the Business Plan review we noted inconsistencies in human resource management between the departments, such as in their definitions of management. When queried, the Government had difficulty advising us how many people are currently involved in human resource management throughout the government.

Our affirmative action statistics are abysmal and few departments have made concerted efforts to improve upon them.

The Committee is of the opinion that the Government must reassess and improve upon its human resource management.

Staff Retention Policy

The Committee was briefed on the new Staff Retention Policy. Members were disappointed that there was no research done on the effect this policy might have on the existing Affirmative Action Policy.

The Government has shown their commitment to the Public Service by announcing a Staff Retention Policy with $250,000 in funding. The policy focuses expressly on retention and development of GNWT employees when government goes through

organizational change.

However, the Committee also observed that last year the Department of Education, Culture and Employment lapsed over $400,000 in Public Service Career Training funds and over the past three years there has been over $935,000 lapsed in the program. Overall, the Committee does not feel that the Government has demonstrated a great deal of commitment when it comes to training for its Public Service.

The Committee has noticed that some departments have a high number of vacancies. The Committee is aware that if a position is not filled, monies approved by the legislature for salaries become available for use in other areas of the department. Members feel that monies approved by the Legislative Assembly for salary purposes should be used for such.

Legislative Assembly

General

Members of the Standing Committee on Oversight and Accountability met on Wednesday, May 24, 2000 to review the 2000/2003 Business Plan and the 2000-2001 Main Estimates for the Legislative Assembly.

The program delivered by the Office of the Legislative Assembly is divided into five ongoing activities: Office of the Speaker, Office of the Clerk, expenditures on behalf of Members, Office of the Chief Electoral Officer and Commissioner of Official Languages. The Access to Information and Protection of Privacy Commissioner and Conflict of Interest Commissioner are included in the Office of the Clerk.

Goals, Strategies, Outcomes & Outcome Measures

The Committee expressed to the Speaker their dissatisfaction with the lack of clearly defined outcomes and outcome measures in the Legislative Assembly's Business Plan. Upon the Committee's request, more defined outcome measures have subsequently been supplied.

Affirmative Action Statistics

As in the case for the whole Government of the Northwest Territories, the Committee was dissatisfied with progress made by the Legislative Assembly in the area of Affirmative Action. Every government department should be striving to achieve a workforce that is representative of the population it serves. The Legislative Assembly

does not appear to be doing this. Committee Members felt that the Legislative Assembly should be setting an example for the rest of government in attempting to achieve a more representative workforce. The Committee encourages the Legislative Assembly to set targets in regard to Affirmative Action representation and implement programs to achieve these targets.

Official Languages

The Standing Committee on Accountability and Oversight noted that the Official Languages Commissioner did not submit a Business Plan to the Committee for review. The Committee is gravely concerned with the lack of a co-ordinated approach taken by the Government of the Northwest Territories in regard to our Official Languages. The co-ordinated effort and attention of our government places the future of Aboriginal languages in the Northwest Territories in jeopardy.

The *Official Languages Act* of the Northwest Territories has provisions for mandatory review every ten years. According to the Act, the Legislative Assembly or a committee designated or established by the Legislative Assembly "shall review the provisions and operation of the *Official Languages Act*". This review is to be done at the next session following December 31, 2000. The Members look forward to this review.